

Message Text

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ACTION EB-11

INFO OCT-01 ARA-11 EUR-25 EA-11 NEA-10 IO-12 ADP-00 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 OIC-04 RSR-01 /214 W
----- 109654

R 041730 Z MAY 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 9157

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS UNN

C O N F I D E N T I A L GENEVA 2097

E. O. 11652: GDS

TAGS: ETRD/ GATT

SUBJECT: GATT TEXTILES WORKING PARTY

1. AFTER FOUR SESSIONS BEGINNING AFTERNOON MAY 2, FIRST ROUND
TEXTILES WP WAS ADJOURNED MORNING MAY 4. NEXT ROUND SCHEDULED
JUNE 4-6. THIRD ROUND WILL BEGIN JUNE 25 TO PREPARE REPORT FOR SUB-
MISSION COUNCIL NO LATER THAN JUNE 30 AS PER COUNCIL MANDATE.

2. COUNTRY STATEMENTS AT FORMAL SESSIONS WERE FOCUSED
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PRIMARILY ON IDENTIFICATION AND ANALYSIS OF " PROBLEMS" AFFECTING INTERNATIONAL TEXTILE TRADE. AS COULD BE EXPECTED, VIEWS AND OPINIONS EXPRESSED WERE POLARIZED BETWEEN EXPORTING AND IMPORTING COUNTRIES. COMMON DENOMINATOR OF PROBLEMS SEEN BY EXPORTING COUNTRIES WAS SEVERE LIMITATIONS ON ACCESS TO IMPORTING COUNTRY MARKETS RESULTING FROM EXISTING TEXTILE IMPORT RESTRAINTS SYSTEMS INCLUDING HIGH TARIFFS AND A VARIETY OF NTBS. IMPORTING COUNTRIES (U. S., EC, CANADA AND SCANDINAVIANS) ALL SAW ACTUAL OR THREATENED MARKET DISRUPTION ARISING FROM EXPANDING TEXTILE EXPORT CAPACITY IN LOW- COST COUNTRIES AS THE CENTRAL PROBLEM. GENERAL TENOR OF DISCUSSION, WITH VERY FEW EXCEPTIONS, WAS RESTRAINED AND DISPASSIONATE. JAPAN DEL MADE LOW- KEY STATEMENT WELL LARDED WITH ECONOMIC THEORY AGAINST NEED FOR RESTRAINT OF TRADE AND PARTICULARLY AGAINST DISCRIMINATION IN ADMINISTRATION OF RESTRAINTS. CITED AS EXAMPLE U. S. RESTRAINT ON JAPANESE MMF FILAMENT YARN WHILE IMPORTS FROM WESTERN EUROPE WERE NOT RESTRAINED.

3. WHILE IN FORMAL PRESENTATIONS NO DELEGATION DIRECTLY ADDRESSED THE QUESTION OF " SOLUTIONS" TO PROBLEMS, SUBJECT WAS REPEATEDLY RAISED IN CORRIDOR DISCUSSIONS. OUR CONCLUSION FROM SUCH TALKS WITH REPS FROM WIDE RANGE BOTH EXPORTING AND IMPORTING COUNTRIES IS THAT MUTUALLY ACCEPTABLE SOLUTIONS TO " PROBLEMS" QY FAR IDENTIFIED ARE POSSIBLE. WE ARE, HOWEVER, NOT AT ALL CERTAIN THAT SOLUTIONS CAN BE ACHIEVED BY THE END OF SEPTEMBER.

4. WE BELIEVE THAT MOST EXPORTING COUNTRIES NOW REALIZE THAT SOME FORM OF MULTILATERAL ALL- FIBER ARRANGEMENT IS INEVITABLE AND, SEEN AS AN ALTERNATIVE TO UNILATERAL ACTIONS BY IMPORTING COUNTRIES, DESIRABLE. DEMANDS FOR INCREASED ACCESS IN DEVELOPED COUNTRY MARKETS ARE, OF COURSE, NEGOTIABLE. SINCE THE MAIN THRUST OF THE DRIVE FOR INCREASED ACCESS WILL BE DIRECTED AT THE EC, THE TIME FRAME FOR A SOLUTION WILL BE DIRECTLY AFFECTED BY THE EC RESPONSE THERETO. WE CAN ANTICIPATE THAT, GIVEN THE DIVERGENCY OF VIEWS NOW EXISTING WITHIN THE EC, THEIR RESPONSE MAY TAKE SOME TIME TO JELL.

5. DEL OF BRAZIL CONTINUES TO LEAD DEVELOPING COUNTRIES, ARGUING (A) THAT PROSPERITY OF U. S. AND EC TEXTILE INDUSTRIES DESTROYS VALIDITY ANY CLAIMS OF MARKET DISRUPTION; THEREFORE
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NO NEED FOR TEXTILE RESTRICTIONS OR MULTILATERAL AGREEMENT, AND (B) THAT TEXTILE EXPORTS MAY PROVIDE ONLY SOURCE LEVERAGE DEVELOPING COUNTRIES MAY HAVE IN MTN.

6. FROM PRIVATE CONVERSATIONS WITH PAKISTAN AND INDIAN REPS WE CONCLUDE THEY READY ACCEPT MULTILATERAL AGREEMENT PROVIDING PRICE IS RIGHT IN TERMS ACCESS U. S. AND EC MARKETS FOR COTTON TEXTILE

EXPORTS. PAKISTAN DEL TOLD U. S. REP HE WAS UNDER INSTRUCTIONS
" BE HELPFUL TO U. S." IN WP DELIBERATIONS. INDIAN REP SUPPORTED
U. S. POSITION IN REJECTING LDC REQUEST FOR " UPDATING" OF TEXTILE
STUDY WHICH WOULD HAVE HAD EFFECT OF DELAYING WP WORK. IN
PRIOR PRIVATE CONVERSATIONS WITH U. S. REP, INDIAN REP HAD
STRONGLY SUGGESTED THAT TIME WAS RIPE FOR BILATERAL TEXTILE
TALKS WITH U. S. WE TAKE THIS TO MEAN INDIA NOW READY DISCUSS
THEIR PRICE.

7. BRAZIL REP (RAFFAELE) ASKED FOR PRIVATE MEETING WITH PHELAN
AT U. S. MISSION AFTER CONCLUSION WP FINAL SESSION. TOLD
PHELAN THAT BRAZIL HAD FREE TRADE PHILOSOPHY AND HAD NEVER
JOINED OR SUPPORTED LTA. SAID THAT FOR THE RECORD AND FOR
PURPOSES OF P
E E E E E E E

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*** Current Classification *** CONFIDENTIAL

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